



STATE OF ALASKA  
DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT

*Mike Dunleavy, Governor*  
*Julie Anderson, Commissioner*  
*Robert M. Pickett, Chairman*

**Regulatory Commission of Alaska**

December 24, 2020

In reply refer to: Finance Section  
Files: TA339-13 and TA340-13  
Letter Order No.: L2000453

John Burns  
President & CEO  
Golden Valley Electric Association, Inc.  
P.O. Box 71249  
Fairbanks, AK 99707-1249

Dear Mr. Burns:

On November 9, 2020, Golden Valley Electric Association, Inc. (GVEA) filed TA339-13, its Amended Fuel Supply Agreement<sup>1</sup> Between Golden Valley Electric Association, Inc. and Petro Star, Inc. (Petro Star) pursuant to 3 AAC 52.470(e); and a Petition to Classify Pricing Provisions as Confidential.

GVEA has met their obligation to file this Amended Fuel Supply Agreement with the Commission in accordance with 3 AAC 52.470(e), and the Commission acknowledges the filing of the amended GVEA and Petro Star contract.

During the Commission review process for TA339-13, the Commission became aware of two previous amendments<sup>2</sup> to the Fuel Supply Agreement which had not been filed by GVEA with the Commission, as required under 3 AAC 52.470(e).<sup>3</sup> The Commission reminds GVEA of its obligation to file any future amendments GVEA may enter into under 3 AAC 52.470(e).

<sup>1</sup> Amendment No.4 to the Amended Fuel Supply Agreement, effective October 15, 2020.

<sup>2</sup> Amendment No. 2 to the Amended fuel Supply Agreement, effective December 1, 2019, and; Amendment No. 3 to the Amended fuel Supply Agreement, effective April 10, 2020.

<sup>3</sup> 3 AAC 52.470(e) – “upon entering into a contract with a nonregulated vendor, other than a contract with a qualifying facility as defined in 3 AAC 50.280(11), for the purchase of energy, including electrical energy or capacity, natural or manufactured gas, diesel oil or gasoline, or any other fuel source, for a term exceeding 12 months, a utility shall file with the commission the following information: (1) a copy of the contract; (2) the load forecasting data which justifies the need for the contract; and (3) documentation that the contract is the most feasible means available for meeting the forecasted load.”

The Commission approves the Petition to Classify Pricing Provisions as Confidential filed by GVEA.

Records filed with the Commission are presumed to be public under AS 42.05.671(a) and 3 AAC 48.040(a). In our regulations, 3 AAC 48.045(f) provides that the Commission will classify records as confidential and restrict access to them or set other reasonable terms or conditions regarding access to them, upon a determination that good cause exists to classify the record as confidential. "Good Cause" to classify a record as confidential includes a showing under 3 AAC 48.045(b) that:

- (1) Disclosure of the record to the public might competitively or financially disadvantage or harm the person with the confidentiality interest or might reveal a trade secret; and
- (2) the need for confidentiality outweighs the public interest in disclosure.

The Commission has reviewed the pricing provisions of the contract and found no compelling need for them to become public. Disclosure of the pricing provisions to the public may cause GVEA a competitive disadvantage and negatively affect GVEA's customers by increasing their cost of power. GVEA regularly files both past and projected costs of power with the Commission and the public can review the price paid by GVEA to supply power to its members after the fact. Therefore, the need for confidentiality outweighs the public interest in disclosure of the pricing provisions.

The Commission finds good cause to treat the pricing provisions in Exhibit B of TA339-13 as confidential for the purposes of this informational filing, as redacted by GVEA.

GVEA also filed TA340-13 on November 9, 2020, seeking to modify its existing Cost of Power Adjustment (COPA) cost element for fuel purchases under its Fuel Supply Agreement with Petro Star, Inc. to include associated storage fees as reflected in Amendment No. 4 to the Agreement.

The Commission reviews 3 AAC 52.502(a) when considering COPA cost elements. 3 AAC 52.502(a) provides that cost elements must be: 1) subject to change at a rate that would cause financial harm to the utility if the costs were recovered exclusively in base rates; 2) beyond the control of the utility; and, 3) easily verifiable. GVEA proposes to recover fixed monthly storage costs through its COPA. GVEA asserts that the inability to recover the costs of such purchases through the COPA process may cause GVEA financial harm.

The Commission reviewed GVEA's request and found that, absent a waiver of 3 AAC 52.502(a)(1), the storage costs would not meet the standard for COPA cost elements. GVEA did not request a waiver of 3 AAC 52.502(a)(1). 3 AAC 52.501(c) provides, in relevant part, that a requirement of 3 AAC 52.502(a) may be modified or waived on the Commission's own motion or on a showing that the waiver or modification would be in the public interest. The Commission recognizes that, as a cooperative, having more prompt recovery of costs marginally decreases the amount of money that GVEA might have out as "float" to cover costs in arrears. That "float" is ultimately a borrowing of some sort. Accordingly, the ability for GVEA to recover this proposed storage element of fuel costs through the COPA provides benefit to GVEA's members. Therefore, the Commission grants a waiver of 3 AAC 52.502(a)(1), on its own motion, for TA340-13, and GVEA's request to modify its existing COPA cost element, effective December 24, 2020.

If GVEA has any questions regarding the contents of this Letter Order, please contact John White, Utility Financial Analyst at (907) 263-2122.

BY DIRECTION OF THE COMMISSION (Commissioners Stephen McAlpine and Daniel A. Sullivan not concurring as to the necessity for a waiver)

Sincerely,

REGULATORY COMMISSION OF ALASKA

*Jan Wilson*

Jan Wilson (Dec 24, 2020 11:44 AKST)

for Robert M. Pickett  
Chairman

cc: Daniel Heckman  
Regulatory Analyst  
Golden Valley Electric Association, Inc.  
P. O. Box 71249  
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